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RELATIONSHIP BETWEEN CUSTOMER SATISFACTION AND PRICE: A RESEARCH ON RETAILERS IN BANGALORE CITY

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ABSTRACT

Supermarkets of Bangalore after experiencing 15years of evolution develop in a differentiation trend and the foreign-funded are led by hypermarkets, while the domestic-funded are dominated by small and medium-size supermarkets, all of which have their advantages and disadvantages. This paper for the first time brings out the data on research of the six retailers in Bangalore and provides some critical discoveries and points out some trends in Bangalore's hypermarkets.

KEYWORDS: Hypermarkets, Customer Satisfaction, Commodity Price

INTRODUCTION

In the past few years, Bangalore's retail journey has been escalating with several international and national brands setting-up their retail stores in the city. Favorable demographics, robust economy, rising per capita income, easy availability of credit and large scale retail developments have fueled the growth of Bangalore's retail market. Bangalore today houses large format retail malls catering to the luxury segment as well as value shoppers. The city is a preferred retail destination in the country after Mumbai and Delhi. Growth in the IT/ITeS industry has led to migration of the educated middle-class to the city, consequently steering residential developments as well. Bangalore's residential market witnessed an annual absorption of 24,000 residential units during calendar year 2012 and the residential market is projected to grow at an annual growth rate of 15%, making the city one of the most promising residential markets in the country. Robust economy, growing population and high disposable incomes have led to emergence of the city as a preferred retail destination by both national and international brands and over the years, retail spaces in the city have witnessed an evolution in terms of design and quantum of spaces. Bangalore today is the most sought after retail destination in the country after Mumbai and Delhi.

Retail growth in the city is linked to consumer needs and behavior. Rising income levels and global exposure have resulted in increased purchasing power. Additionally, consumer spends have shifted to lifestyle products and services from daily necessities. In order to better grasp the consumer satisfaction on Bangalore hypermarkets and analyze the price differences between different stores, we conducted a customer research on Bangalore hypermarkets which obtained the support from many retailers. The research targeted to the six hypermarkets in Bangalore (**Big Bazaar *Lido Mall* branch, Star Bazaar *Raja Rajeshwari Nagar* branch, More *Gayathri Nagar* branch, Reliance Fresh *Marahathalli* branch, Spar*Jai Bheema Nagar* branch and Foodworld *Cambridge Layout* branch**.). The data in this report has not been artificially modified and is published for the firsttime.

OBJECTIVES OF THE STUDY

The objectives of this study are following:

- To understand the relationship of various consumer demographics with select six hypermarkets in Bangalore.

- To understand the relationship between common product categories available hypermarkets and consumer demographics in Bangalore.

RESEARCH METHODOLOGY

A structured questionnaire was prepared to seek the views of customers on commodity, price, service, environment, convenience, staff in the above six hypermarkets. A total of 449 valid questionnaires were analyzed and research findings are summarized as follows:

Composition of Consumers

From the gender of the investigated consumers, female customers account for 62.79% and male customers take up 37.21%. Distribution of age, income and education degree is shown in Table 1, Table 2 and Table 3 respectively.

Table 1: Consumer Age Distribution in Hypermarkets

Age Distribution	Big Bazaar	Reliance Fresh	Star Bazaar	More	Spar	Food World	Average
<=25	12.33%	15.79%	11.11%	16.67%	17.33%	7.89%	13.51%
26-40	30.14%	36.84%	30.56%	45.83%	42.67%	17.11%	33.78%
41-55	28.77%	28.95%	29.17%	23.61%	20.00%	36.84%	27.93%
>55	28.77%	18.42%	29.17%	13.89%	20.00%	38.16%	24.77%

Table 2: Distribution of Consumer Monthly Income

Categorized Item	Big Bazaar	Reliance Fresh	Star Bazaar	More	Spar	Food World	Average
<=20000	45.59%	36.84%	39.34%	11.43%	24.00%	32.39%	31.35%
20000-30000	45.59%	43.42%	52.46%	41.43%	50.67%	28.17%	43.47%
30000-40000	7.35%	11.84%	3.28%	28.57%	18.67%	30.99%	17.10%
>40000	1.47%	7.89%	4.92%	18.57%	6.67%	8.45%	8.08%

Table 3: Distribution of Consumer Education Degree

Categorized Item	Big Bazaar	Reliance Fresh	Star Bazaar	More	Spar	Food World	Average
Middle school and below	20.00%	7.89%	19.72%	8.57%	1.33%	19.72%	12.44%
12th Standard/SSC	50.91%	34.21%	29.58%	18.57%	37.33%	18.31%	30.86%
10th Standard/HSC	20.00%	39.47%	40.85%	41.43%	45.33%	35.21%	37.80%
Graduate	9.09%	18.42%	9.86%	31.43%	14.67%	26.76%	18.66%
Post Graduate	0.00%	0.00%	0.00%	0.00%	1.33%	0.00%	0.24%

Consumer Shopping Frequency

80% of the investigated consumers go shopping once or twice every week and the shopping frequency of each hypermarket is shown in Table 4.

Table 4: Consumer Shopper Frequency of Hypermarket

Category	Star Bazaar	Food World	Spar	Reliance Fresh	Big Bazaar	More	Average
Once a week	31.51%	38.16%	37.33%	32.89%	68.49%	42.25%	41.67%
Twice or more a week	45.21%	42.11%	36.00%	38.16%	24.66%	47.89%	38.96%
Once a month	17.81%	10.53%	14.67%	18.42%	1.37%	2.82%	11.04%
Twice or more a month	1.37%	5.26%	5.33%	7.89%	2.74%	0.00%	3.83%
Not fixed	4.11%	3.95%	6.67%	2.63%	2.74%	7.04%	4.50%

Distribution of Consumer Satisfaction

Consumer's scoring on satisfaction for these hypermarkets is shown in Table 5 and the data is from the questionnaires reflecting consumers' satisfaction for specific hypermarket based on the above six indicators with each divided into 5, 4, 3, 2 and 1 classes, in which 5 points is the most satisfactory and 1 point is the most unsatisfactory.

Table 5: Consumer's Comprehensive Assessment

Item	Food World	Big Bazaar	More	Star Bazaar	Reliance Fresh	Spar	Average Score of Foreign Funded	Average Score of Domestic Funded
Commodity (whether it is abundant and has a complete range?)	4.32	4.15	4.21	3.93	3.96	3.55	3.96	4.14
Price (cheap degree)	3.32	3.47	2.82	3.03	2.22	2.32	2.91	2.77
Service (including staff service, after sales service and in house service)	3.96	3.53	3.07	3	3.14	2.8	3.1	3.55
Shopping environment (comfortable, convenient, humane)	4.39	4.04	4.03	3.83	4.17	3.62	3.88	4.28
Shopping convenience (whether commutation, parking are available regularly)	4.37	4.01	3.64	4.01	3.76	3.69	3.8375	4.065
Staff mental outlook	4.04	3.77	3.49	3.36	3.59	3.47	3.5225	3.815
Aggregation	24.4	22.97	21.26	21.16	20.84	19.45	21.2125	22.625

Views of Investigated Customers on Foreign-Funded and Domestic-Funded Supermarkets

Investigated customers talked little about the difference degree between foreign-funded hypermarkets and domestic-funded hypermarkets and the general reaction was: in foreign-funded hypermarkets environment is good and there is a complete range of articles; services infrastructure of dining and entertainment is more complete while service attitude of their staff is just so-so. During the domestic-funded ones, customers think Big Bazaar has better environment and cheaper price.

Survey of Sales Price

We chose 100 types of quick-selling articles (60 food products and 40 non-foods) based on Big Bazaar's product range and the number of the common items in the six hypermarkets is 42. Statistics of proportion of promotion items, the number of cheapest and most expensive items, and category price of comparable items are shown in Table 6, Table 7 and Table 8.

Proportion of Promotion Items

Proportion of promotion items reflects the promotion extent of hypermarkets. Due to the research limit, it failed to get the data on the sales proportion of promotion items. Generally, if the sales proportion of promotion items can account for 20-25% of the total sales, it is an ideal state, and too high or too low proportion should be improved.

Table 6: Proportion of Promotion Items

Store Name	Number of Surveyed Items	Number of Promotion Items	Proportion of Promotion Items
Food World	100	36	36.00%
Big Bazaar	76	18	23.68%
More	77	5	6.49%
Spar	63	2	3.17%
Star Bazaar	79	16	20.25%
Reliance Fresh	75	7	9.33%

Number of Cheapest and Most Expensive Items

During 100 surveyed items, there are 42 common items of the six hypermarkets and during these 42 items, More has the most cheapest items, up to 22, following by Food world with 8 cheapest items.

Table 7: Number of Cheapest and Most Expensive Items

Store Name	Number of Most Expensive Items	Number of Cheapest Items
Food world	5	8
Big Bazaar	4	5
More	0	22
Spar	23	5
Star Bazaar	11	6
Reliance Fresh	13	7

Comparison of Category Average Price of 42 Comparable Items

42 items were divided into 11 categories of instant drinks, spices, women's health products, personal cleanliness, alcohol, oral hygiene, dairy products, clean paper products, cooking oil, cleaning products, beverages. Prices of articles of these categories were averaged, results of which are shown in Table 8.

Table 8: Comparison of Category Average Price of 42 Comparable Items

Store Name	Food World	Big Bazaar	More	Star Bazaar	Reliance Fresh	Spar
Instant drinks	10.9	11.5	11.5	12.4	11.5	13.9
Spices	17.75	18.15	16.85	19.4	17.7	16.45
Women's health products	13.7	13.2	12.3	12.9	12.3	12.9
Personal cleanliness	19.2	18.94	17.82	18.52	19.42	19.48
Grocery items	315	318	296	298	328	318
Oral hygiene	3.65	4.55	3.25	3.8	3.3	4.05
Dairy products	26.7	27.91	27.07	31.5	26.09	27.2
Clean paper products	13.9	19.2	15.6	18.2	16.2	14.9
Cooking oil	56.03	59.67	54.07	58.9	60.4	60.47
Cleaning products	34.08	34.55	34.28	33.35	33.25	32.28
Beverages	7.23	7.54	7.58	8.05	7.77	7.73

Four Main Discoveries in Survey

Through analysis of the above surveyed data, main discoveries are as follows:

Customers in Hypermarkets Mainly are Female Customers

Customers in hypermarkets mainly are female customers accounting for 62.79% while male customers only account for 37.21%. This female-oriented phenomenon is related to the family structure, labor division of family life and

the lifestyle to a certain degree. In Bangalore, as there are about three people per household on average and supermarkets mainly are engaged in fresh and daily products and main buyers are educated housewives, so customers in hypermarkets are mainly female.

The Age Limit of Customers in Hypermarkets is not Obvious

Customers below 25 years of age account for the minimum proportion, only 13.51%. Customers aged 26-40 takes up the highest proportion, up to 33.37%. However, 40 years of age above and below account for 47.29% and 52.71% respectively. The data shows that customers in hypermarkets cover all ages and the age limit is not obvious, but hypermarkets are quite different between each other, such as in More and Spar, customers below 40 years of age account for 62.5% and 60% respectively, which only take 25% in Food world, while they are up to 52.63% in Reliance Fresh in the same business district. Big Bazaar stores are supported by department stores and lots of specialty stores, which helps to attract younger customers to a certain extent.

Mid and Low-Income Consumers are the Main Customer Groups of Hypermarkets

Customers with the family income below Rs. 20,000 accounted for 74.82%, while customers with monthly income above Rs. 40, 000 only took up 8.08%. However, family monthly income of RMB 20,000 in Bangalore is at the average level so it shows that middle and low-income customers groups take up the prime position. Nevertheless, the income level of customers in More and Food world is higher than the average level of the six hypermarkets, and in these two hypermarkets customers with family income below Rs. 10, 000 accounted for 60.56% and 52.86% respectively. In the six hypermarkets, the family monthly income of customers in Big Bazaar was the lowest, of which customers with a monthly income below Rs. 10, 000 were up to 91.18%.

The income level of customers in hypermarkets not only relates to the brand of specific stores, but also to the characteristics of the retail locations the store situates as well as properties of the store, such as a single store or a shopping center.

Customers in Hypermarkets are at Certain Education Levels

56.7% of the customers have college degree or above, in which education degree of customers in More, Food world, and Spar is higher, accounting for 72.86%, 61.97%, 61.33% respectively, while that of Big Bazaar is the lowest, only 29.09%. Improvement of customers' income and education levels will come up with higher demands for the goods and services of stores. Customers' income and education levels in Food world, both of these two indicators were higher than the average, but at the same level with that of Spar, More, so it need to strengthen the improvements of goods, services, environment more to better meet the individual needs of customers.

The Shopping Frequency of Hypermarkets was Higher

80.63% customers go shopping once or twice in hypermarkets per week, in which Big Bazaar and More respectively accounted for 93.15% and 90.14%. 11.04% of the surveyed customers in the six hypermarkets go shopping once a month. The operation of free shuttle buses of hypermarkets provides customers with more convenient transport conditions, to increase customers' shopping frequency, but it may affect the per customer transaction.

The research results have some contradictions with so-called position of "centralized one-stop shopping" of hypermarkets, and now hypermarket has become the main site for customers to buy daily essential commodities, so business hours of supermarkets are brought forward and extended.

In this context, human resources of hypermarkets should be adjusted reasonably through proper scheduling to arrange the weekend and the morning staff. The original scheduling, "one day work, one day off" should be appropriately changed, and "shift system" can be implemented for cashers and security guard (about one-third of all employees), who may rest in working days and work full time over the weekend.

Foreign-Funded Ones had no Significant Advantage

Overall evaluation of customers on foreign-funded ones and domestic-funded ones were close, and foreign-funded ones had no significant advantage. Customers evaluated the six hypermarkets from six aspects, including: **Commodity** (whether it is abundant and has a complete range?), **Price** (cheap degree), **Service** (including staff service, after-sales service and in-house service), **Shopping Environment** (comfortable, convenient, humane), **Shopping Convenience** (whether commutation, parking are available regularly?) and **Staff Mental Outlook**.

There are two data deserving attention:

- The total satisfaction of customers on two foreign-funded hypermarkets satisfaction was 21.2125 points, and on domestic-funded hypermarkets was 22.625 points, slightly higher than the foreign-funded ones.
- Among the six indicators, only on the price indicator (cheap degree) the foreign-funded was better than the domestic-funded ones, that is, customers feel goods in foreign-funded hypermarkets cheaper than that of the domestic-funded ones.

RESULTS

After comparison of 100 quick-selling products among the six hypermarkets, the following results were found:

- Product structure of each hypermarket was quite different, and among the other five hypermarkets, Spar had the lowest rate of closure, 63%, while rate of closure of the others fell in between 75% to 79%, in which rate of closure of Star Bazaar was the nearest 79%. The six hypermarkets only had 42 common commodities.
- The number of promotional items had no corresponding relationship with the number of items at the lowest price as well as customers' evaluation on the prices of hypermarkets. Take More as an example, among 77 surveyed products, only five were promotional items, and among 42 common products of the six hypermarkets 22 were items at the lowest price but no one was the item at the highest price. But why customers only scored More's price as 2.82 points (total is 5 points), which was in the fourth place among the six hypermarkets, belonging to the mid and high prices. This is a puzzling problem. The actual survey is inconsistent with customers' evaluation, but can we accordingly conclude: More does a bad job in promotion? Possible case is: *Customers entering More think the price is not low indeed, but feel it does not matter, and they are not very sensitive to price, so they do not really feel the cheap price of More. What they seek is not the commodity price, but shopping experience.* Another example is: Spar has 63 items consistent with 100 surveyed products, only two promotional items, and among 42 comparable items, 23 are items at the highest price, only 5 at the lowest price, but the customers' evaluation of its cheap level is 3.03, ranking the third place belonging to the mid and low level.
- Price difference between domestic-funded hypermarkets and foreign-funded hypermarkets is not obvious. The total price difference of 42 comparable items between domestic-funded hypermarkets and foreign-funded hypermarkets was less than Rs. 15, so the price difference was not obvious but certain price difference existed between different items as each hypermarket had its own specific items at lower prices. Beverages, cleaning paper

products and instant drinks in Food world were at the lowest prices; in More, spices were at a lower price and women's health products, personal cleanliness, alcohol, oral hygiene products, cooking oil were at the lowest prices; in Star Bazaar, dairy products were at the lowest prices, while in Reliance Fresh, spices and washing products were at the lowest price.

- The survey showed that: products in More are at the lowest price, opposite to Big Bazaar's products are at the lowest prices reflected in the previous survey, and customer's impression is different from the actual price survey, possibly because there are many cheap goods in Big Bazaar not within the scope of the survey, so customers' feeling of low prices varied from the actual survey results.

CONCLUSIONS

Development of Bangalore hypermarkets takes on four trends: (1) blend into the shopping center or community business center, change from a single hypermarket into an integrated service centers to better meet consumers' needs; (2) reduce goods variety, compress area, and strengthen fresh food to highlight core commodities; (3) more focus on consumers' experience and differentiate positioning; (4) not only pay attention to sales data from POS systems but more attention should be paid to data from consumers and competitive markets.

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